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ECONOMIC SITUATION AS OF
DECEMBER 31, 1988

Due to the late arrival of a number of key statistics used in this report and an unusually busy first quarter, this report is four months late in publication. We apologize for the lateness, but assume the data contained in the report will be useful to the reader.

The 1988 Economic Situation Report was compiled by the staff of the Economic Development Dept. Resource material was obtained from the following agencies and publications:

- Statistics Canada
- Bureau of Statistics, Gov't of Sask.
- Provincial Department of Agriculture
- City of Saskatoon Building Department
- City of Saskatoon Planning Department
- Canadian Markets
- Saskatoon Chamber of Commerce
- Economic Council of Canada
- Woods Gordon Economic Bulletin
- City of Saskatoon Assessor's Department
- Sask. Energy, Mines & Resources

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SASKATOON ECONOMIC SITUATION AS OF DECEMBER, 1988

1988 IN REVIEW

1988 was not a year to write home about, the Province suffered the worst drought since the 1930's, uranium prices continued to fall and consumer spending declined. In spite of these occurrences, Saskatoon managed to hang in there and, in fact, the sunshine poked through the rather drab sky a number of times. A number of businesses continued to experience difficult times, while on the other hand, a number of long time businesses were enjoying a rather prosperous year. Job creation was off the pace of 1987. Of the 272 new business starts in 1988; 891 new full-time positions were created and 746 part-time positions. When new employment created from the existng business community is taken into account; total new jobs would approach 2,500. The year ended with an average annual unemployment rate of 9.9%. This compares to 1987 @ 9.8% and 1986 @ 10.7%. The average annual inflation rate for 1988 was 4.5% (1987 @ 4.9% and 1986 @ 4.1%).

Saskatoon's population increased to 183,649 and the metro area increased to 210,000.

One of the major highlights for 1988 was the upgrading of the City's credit rating from AA+ to AAA. "Saskatoon's economy remained strong in 1988 and this has exemplified efforts to diversify its economic base over the past decade. For example, severe drought conditions in recent years throughout the province do not appear to have had a major impact on the City's economy, which continues to grow and become more diversified. The overall excellent financial position of the City coupled with a stable and resilient civic economy allow debentures to be upgraded from AA+ to AAA, reflecting their excellent quality". (1)

1988 was in fact a decent year, in spite of the drought, uranium woes and bleak oil prices. Construction was off the pace of 1987 but still finished at a respectable $210 million. Retail sales were up approximately 6%; disposable income is up; office and warehouse vacanies are down; potash sales are up and the number of oil and gas wells drilled approached an all time record & employment reached an all time high of 89,000.

The level of economic activity in 1988 was on par with 1987 and this pace is anticipated to increase dramatically in 1989 (provided interest rates do not increase to the 13% - 15% range).

1. Excerpt from Canadian Bond Rating Service - January, 1989

1989 OUTLOOK

1989 promises to be one of the most exciting and dynamic years Saskatoon will ever experience. Not only in terms of the number of sporting and cultural events that will unfold (Labatts Brier, Memorial Cup, and the Jeux Canada Games), but in particular, the amount of construction that will occur in the manufacturing and commercial sectors. However, this enthusiasm is tempered by one unknown - interest rates. If the rates continue to climb, a number of planned projects will be shelved. The rates are ever so slowly approaching that psychological level of 13% where investment decisions have a tendency to be postponed. If a sense of normalcy returns, then Saskatoon and region will be in for a blockbuster year.

The rough and turbulent times experienced by agriculture and Saskatchewan's resource sectors are showing positive signs of recovery. Potash sales are on the upswing and recently increased prices are holding. Agriculture commodities have no where to go but up and with a decent moisture throughout the remainder of winter and early spring, there should be a resurgence that has not been noticed for some time.

There is a trend to a number of new gas plays and a stepped up drilling program. As long as oil prices remain in a slump, there will be very little activity in this sector. Gold mine developments and diamond exploration continue to excite the mining industry. Saskatoon will continue to develop and be seen as a major centre for mining activity.

If interest rates do not continue to escalate, total construction for 1989 could approach $300 million. If, as one is lead to believe, interest rates will in fact rise, then construction will be in the $200 million range, broken down as follows:

a) Residential	$65 million
b) Institutional	80 million
c) Commercial	30 million
d) Industrial	15 million
e) Other	10 million

Population will continue to increase, but at a much slower rate than experienced in past years. As a result of a slow down in population growth, there will also be a corresponding slow down in retail sales.

1. AGRICULTURE

Total farm income for Saskatchewan farmers in 1988 again remained stable at $4.24 billion. Total annual income has remained relatively stable at roughly $4 billion in each of the past 8 years. Net farm income is projected to be $1.07 billion which would represent an 11% increase over 1987. However, at the end of 1988, net farm income was only $270 million. The drought payment to Saskatchewan farmers had not been received by years end. The payment is expected sometime in 1989 which will then be reflected by an adjustment to the total net income.

On the bright side, moisture levels are looking good for 1989 and grain prices are finally starting to move up. Prices have a long way to go before the Saskatchewan farmer will realize a fair return on his investment in time, machinery, land, seed, chemicals, feed & veterinary, to mention only a few of the numerous input costs the farmer faces year to year.

Total crop production for 1988 was only equal to 52% of the normal harvest.

Investment in livestock was up substantially, especially in hogs. Hog production topped 1 million in 1989. The last time Saskatchewan's hog production reached this level was in 1971.

One of the world's largest agriculture chemical companies (Imperial Chemicals Industries of the United Kingdom) opened a technical and sales office through its subsidiary - Chipman.

Agriculture, as a prime source of creating wealth is one of the three largest components of the Province's Gross Domestic Product, as depicted in Table 1.

TABLE 1

SASKATCHEWAN GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY

($ Millions)

	1987 $	1987 %	1986 %	1985 %	1984 %	1983 %
Agriculture	$ 1,940	10.8	13.1	10.6	9.0	10.7
Forestry	$ 40	0.2	0.2	0.2	0.3	0.3
Mining	$ 1,503	8.3	6.5	11.7	11.9	9.8
Construction	$ 774	4.3	4.1	3.9	4.6	5.3
Manufacturing	$ 1,136	6.3	6.1	5.3	5.6	5.3
Transportation, Communication & Storage	$ 1,513	8.4	8.3	7.8	8.3	8.2
Utilities	$ 394	2.2	2.2	2.3	2.1	1.9
Trade	$ 1,818	10.1	10.2	10.0	9.7	9.7
Finance, Insurance & Real Estate	$ 3,612	20.1	19.3	19.6	20.6	19.9
Services	$ 3,985	22.1	22.3	21.0	20.4	20.7
Public Administration	$ 1,287	7.1	7.6	7.5	7.5	8.2
	$18,011	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Bureau of Statistics
Government of Saskatchewan

FIGURE 1

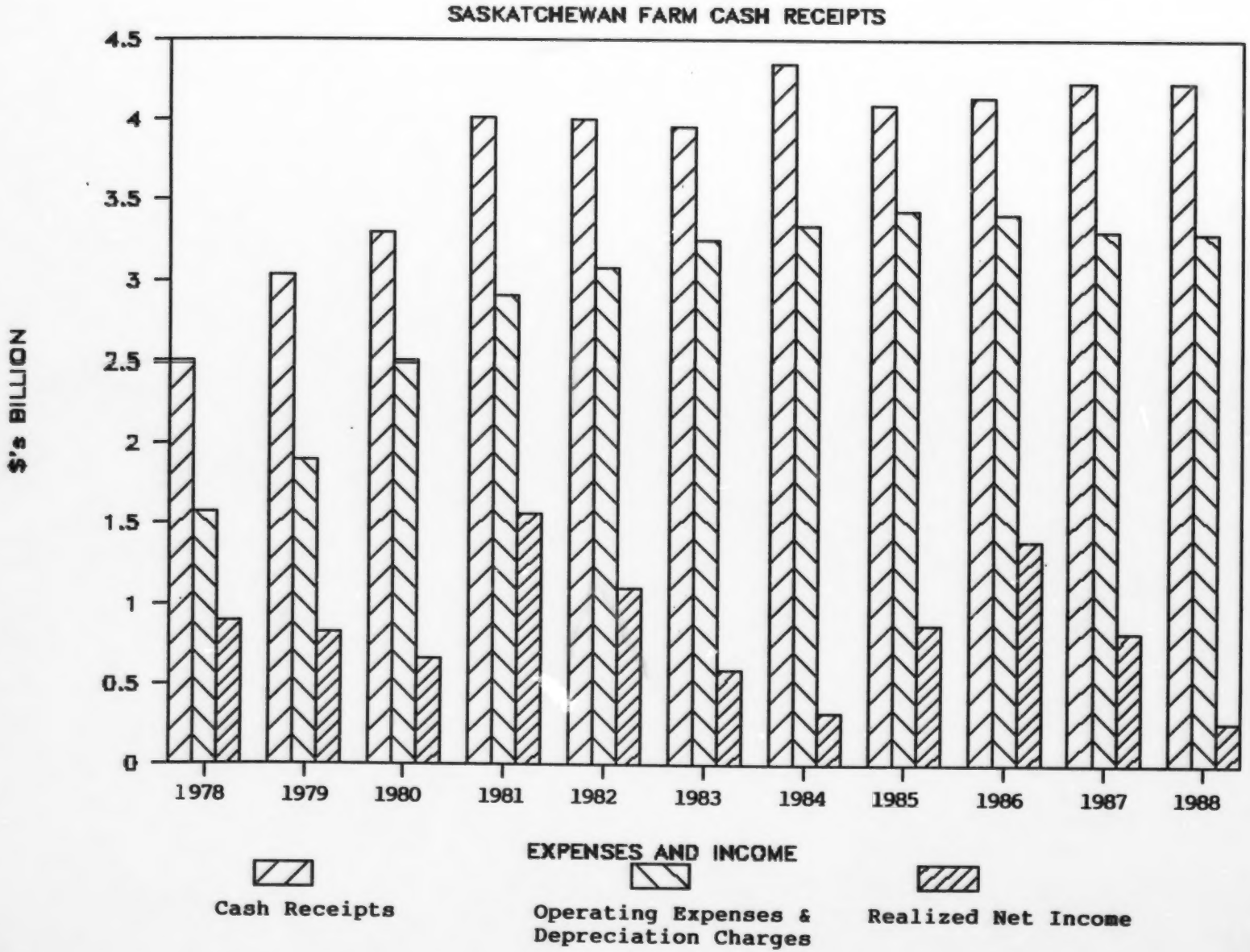

SASKATCHEWAN FARM CASH RECEIPTS
$'s BILLION
4.5
4
3.5
3
2.5
2
1.5
1
0.5
0
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
EXPENSES AND INCOME
Cash Receipts
Operating Expenses & Depreciation Charges
Realized Net Income

TABLE 2

FARM CASH RECEIPTS, INCOME & COMPARISONS
1975 - 1988
Billions of Dollars

Year	Saskatchewan Farm Cash Receipts	Canadian Farm Cash Receipts	Sask. As A % Of Canada	Saskatchewan Total Net Income
1975	$2.51	$10.13	21.2%	$1.48
1976	$2.32	$10.12	22.9%	$1.28
1977	$2.16	$10.19	21.2%	$ .84
1978	$2.50	$12.03	20.7%	$ .89
1979	$3.03	$14.32	21.1%	$ .82
1980	$3.30	$15.85	20.8%	$ .66
1981	$4.01	$18.59	21.5%	$1.57
1982	$4.00	$18.60	21.5%	$1.10
1983	$3.96	$18.75	21.1%	$ .59
1984	$4.35	$20.31	21.4%	$ .33
1985	$4.10	$19.91	20.6%	$ .87
1986	$4.14	$20.49	20.2%	$1.39
1987	$4.24	$20.85	20.3%	$ .82
1988	$4.24	$21.64	19.6%	$ .27

Source: Statistics Canada

Cash Receipts include Supplementary Payments

Total Net Income = Realized Net Income + Value of Inventory Change

2. CONSTRUCTION

Value of construction permits issued in 1988 was $210 million, $24 million less than in 1987. This represents an 11% decrease. Permits issued were 3,185 compared to 4,523. The most notable decrease was in single and duplex homes (1,219).

Figures 2 and 3 show the 1988 values of building permits.

As previously noted, single/duplex starts were substantially down while apartment/condominum starts were up both in units and dollar value; 683 units for a value of $39.5 million vs 1987 starts of 580 units for a value of $24.3 million.

A brief glance at the other sections that comprise Saskatoon's construction industry is as follows:

Commercial: (offices/strip malls/retail/shopping centres)
1988 - $34.8 million vs 1987 - $40.7 million for a 16.3% decrease.

Industrial: (warehouses/industrial plants/distribution centres)
1988 - $10 million vs 1987 - $16.6 million for a decrease of 67%.

Institutional: (schools/hospitals/university/public swimming pools)
1988 - $66 million vs 1987 - $62 million for an increase of 6%.

Others: (bridges/demolitions/private swimming pools)
1988 - $10.6 million vs 1987 - $15.7 million representing a 49% decrease.

"Total" taxable property assessment increased by approximately +2.65% ($1.073 billion). 1987's increase was +2.51% ($1.045 billion). Preliminary figures for 1989 are +2.29% (1.097 billion)." (2)

I) Residential

For the first time in ten years, total residential construction failed to reach $100 million (1988 - $89 million). While single/duplex starts were down, apartment/condos were up. Until the province recovers from the severe drought of these past few years and a semblance of reasonable interest rates, the housing industry will remain

2. City Assessor's Department

in the doldrums. 1989 does not hold much promise for a quick recovery in this sector. As a number of apartment/condo units come into the market place, there will be fierce competition with single family, first-time buyers.

II) **Institutional**

As in previous years, there are a number of projects that have been announced or recently started that will carry over into 1989. These projects include construction of the 51st and 14th street overpasses; continuing expansion to St. Pauls, City and University Hospitals; start of construction on the new $90 million College of Agriculture Building; start of construction on a number of senior citizens complexes and continuing construction on a number of recreational complexes.

III) **Commercial**

Projects completed in 1988 were the two new privately owned hockey complexes, Pacific Avenue Medical Clinic, Odeon Movie Theatre complex plus a number of restaurants and strip malls. This sector should again do well in 1989 with announcements outlining the $40 million expansion to Midtown Plaza, expansions to Lawson Heights, Confederation Park and Circle Park Malls.

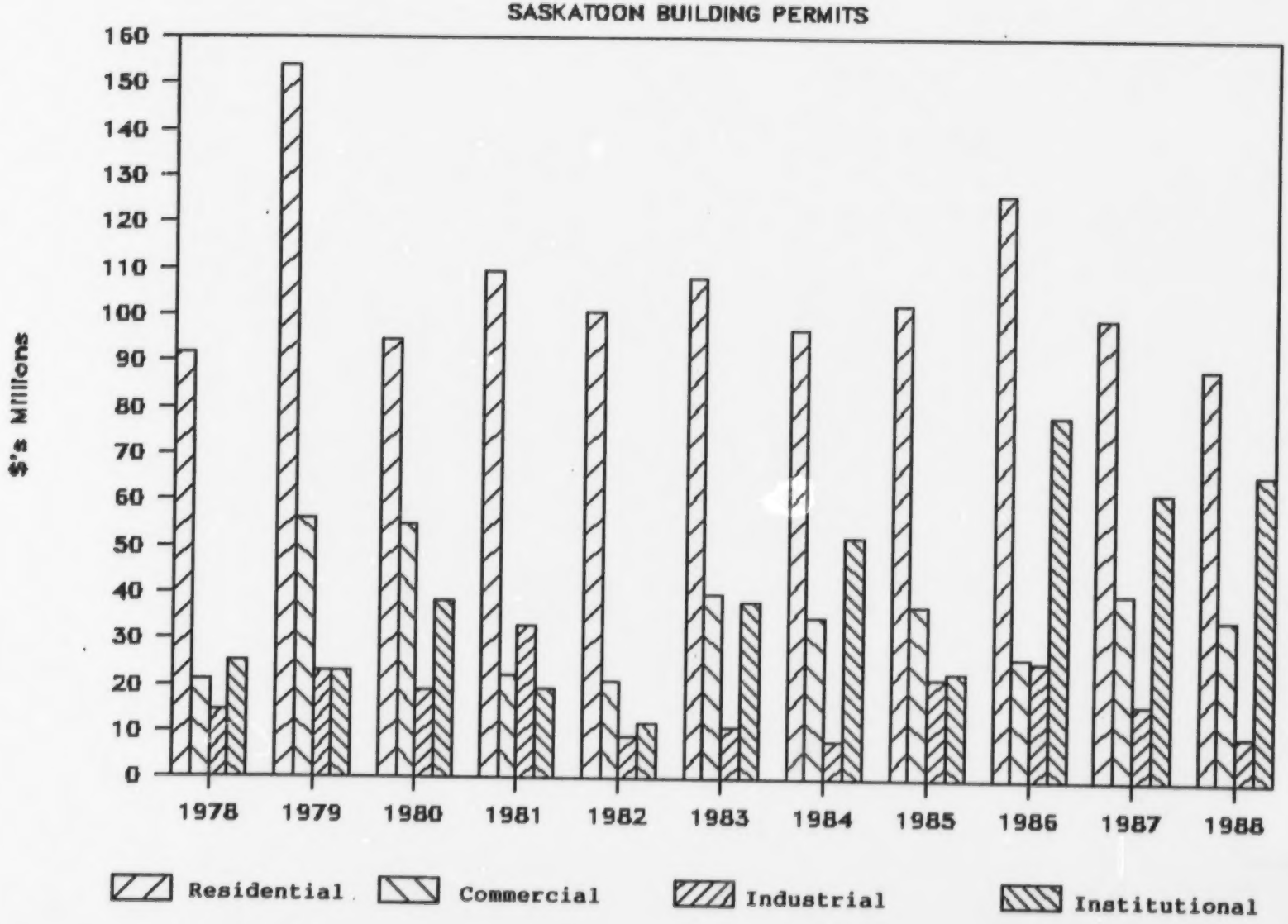
IV) **Manufacturing**

The major project for 1988 was the start of the $25 million expansion to Saskatoon Chemicals Ltd.; second phase expansion to Intercontinental Packers and the completion of the new Hitachi Turbine Plant. 1989 promises to be a blockbuster year with a number of industrial projects on the drawing board. These will entail expansions to existing plants, relocation to new facilities and new plants producing products here for the first time. Dairy Producers, Flexicoil, Intercon, Canron, and West Coast Reductions are just a few. In summary there were:

- 13 major warehouse projects for an average value of $420,000
- 7 major industrial projects for an average value of $710,000
- 62 major commercial projects for an average value of $435,000
- 46 major institutional projects for an average value of $1.55 million

At years end, the value of permits on hand totalled $313 million compared to the end of 1987 at $269 million.

FIGURE 2



Residential	$89,079,900	Industrial	$ 9,960,500
Commercial	$34,876,700	Institutional	$66,130,500

CITY OF SASKATOON
BUILDING VALUES

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988
TOTAL ($ MILLION)	$212	$200	$145	$200	$204	$187	$260	234.7	210.63
CATEGORY:									
RESIDENTIAL	94.66	109.4	100.7	108	97.08	102.53	126.23	99.52	89.07
COMMERCIAL	54.91	22.3	20.9	39.8	35.01	37.67	26.34	40.56	34.87
WAREHOUSING	13.6	28.2	6.2	6.6	5.88	11.69	8.65	8.75	4.52
MANUFACTURING	5.5	4.6	3.1	4.5	2.37	3.23	16.77	7.87	5.43
INSTITUTIONAL	38.4	19.6	11.9	38.6	52.23	23.11	78.68	62.15	66.13
OTHER	5.21	15.54	2.34	2.78	11.75	9.46	3.69	15.78	10.58

FIGURE 3

VALUE OF BUILDING PERMITS

YEAR	SASKATOON	REGINA	SASKATCHEWAN
1977	$163,400,000	$181,287,000	$539,514,000
1978	153,600,000	144,000,000	487,000,000
1979	257,500,000	179,000,000	667,000,000
1980	212,400,000	139,000,000	546,000,000
1981	199,700,000	184,000,000	575,000,000
1982	145,400,000	150,000,000	430,000,000
1983	200,400,000	176,000,000	613,476,000
1984	204,436,950	166,517,915	569,594,000
1985	187,760,700	138,568,367	548,342,000
1986	260,450,400	200,483,067	741,497,000
1987	234,706,150	208,358,308	662,194,000
1988	210,634,850	152,538,116	517,307,000

COMPARISON OF BUILDING VALUE PER CAPITA
WESTERN CANADIAN CITIES

City	1988 Construction Value	Population	Building Ratio Per Capita
1. Vancouver	$782,405,921	438,000	$1,786
2. Saskatoon	$210,634,850	183,487	$1,148
3. Calgary	$629,228,149	657,118	$ 958
4. Winnipeg	$554,533,000	628,700	$ 882
5. Regina	$152,538,116	179,400	$ 850
6. Edmonton	$465,097,980	581,545	$ 800

TABLE 3

SASKATOON COMMERCIAL AND INDUSTRIAL BUILDING PERMITS

Year	Commercial ($ Millions)	Industrial ($ Millions)
1978	21.2	14.5
1979	56.0	23.1
1980	54.9	19.1
1981	22.3	32.9
1982	21.0	9.4
1983	39.8	11.2
1984	35.0	8.3
1985	37.7	14.9
1986	26.3	25.4
1987	40.5	16.6
1988	34.8	9.9

TABLE 4

SASKATOON RESIDENTIAL BUILDING STARTS

Year	Dwellings Single/Duplex	Apartments Units	Total Dwelling Units	Total Permits
1978	1,680	1,004	2,684	4,094
1979	1,921	2,027	3,948	4,315
1980	1,059	916	1,975	3,350
1981	1,183	1,716	2,899	3,319
1982	760	2,078	2,838	2,936
1983	1,318	959	2,277	3,918
1984	991	924	1,915	3,122
1985	1,054	778	1,832	3,367
1986	1,415	747	2,162	4,451
1987	871	544	1,415	4,523
1988	580	683	1,263	3,185

All Figures Are Obtained From the City Building Records.

3. MAJOR PROJECTS PLANNED AND UNDERWAY

Major projects totalling $124.5 million are listed in Table 5.

Table 6 indicates major projects that are planned for 1989+. These projects will have a very positive effect on Saskatoon's economy. Over the course of the next 5 years, there will be in excess of $4.08 billion worth of capital expenditures.

TABLE 5

MAJOR PROJECTS UNDERWAY AS OF JANUARY 1, 1988

PROJECT	DESCRIPTION	VALUE
Midtown Plaza	Alterations	$ 1,500,000
St. Paul's Hospital	Addition	3,700,000
University of Saskatchewan	College of Agriculture	25,000,000
Plainsman Management	Strip Mall	800,000
Century 21 Star Real Estate	Office	550,000
Interwest Equities	Strip Mall	1,100,000
Sask Property Management	Rehab. Alterations	954,000
G.Reddekopp/D. Johnson	Office	600,000
City of Saskatoon	Swimming Change House	676,000
Princeton Developments Ltd.	Office Building	5,500,000
University Hospital	Alterations	1,000,000
Pribas Developments	Apartments	550,000
Fisher Developments	Condominums	3,500,000
Dairy Producers Co-op	Dairy	4,000,000
Cosmo Civic Centre	Alterations	936,000
Lutheran Sunset Home	Alterations	935,000
Catholic School Board	New School	2,600,000
Wildwood Mall Ltd.	Alterations	1,505,000
Lenore Dr. Church	Church	625,000
Wedge Road Developments	Strip Mall	500,000
McClure United	Church	800,000
City of Saskatoon	Swimming Pool	650,000
Kenmore Land Co.	Strip Mall Foundation	500,000
C.N.I.B.	Office	1,200,000
Esso Petroleum	Gas Bar	800,000
St. Paul's Hospital	Alterations	1,010,000
Saskatoon Airport	Alterations	950,000
Pleasant Hill Plaza	Strip Mall	550,000
Heritage Way	Apartments	1,465,000
Esso Petroleum	Gas Bar	500,000
McClure Place	Sr. Citizens Housing	6,055,000
The Blueline	Skating Rink	1,100,000
Remai Construction	Apartments	1,100,000
Saskatoon City Hospital	Foundation (only)	5,510,000
Saskatoon City Hospital	Parkade	2,085,000
Riverview Plaza	Apartments	4,400,000

Fischer Construction	Cond. Foundation	500,000
Ford New Holland	Distribution Centre	2,000,000
Anaheim Homes Ltd.	Condos	1,500,000
St. Paul's Hospital	Alterations	12,540,000
North Ridge Developments	Condos	685,000
Sasksport	Offices	745,000
University of Saskatchewan	Alterations	645,000
Saskatoon Board of Education	New School	2,713,000
J.A.R. Ventures	Apartments	1,050,000
West Portal Manor	Apartments	700,000
McClure Place Assoc.	Foundation	500,000
Luther Housing Co-op	Sr. Citizens Housing	7,300,000
University of Saskatchewan	Alterations	1,106,000
United Pharmacists	Warehouse	1,435,000
City of Saskatoon	Water Treatment Alt.	1,308,000
Saskatoon Mennonite	Care Services	4,570,000
	TOTAL	$124,503,000

TABLE 6

MAJOR PROJECTS PLANNED AND/OR ANNOUNCED FOR 1989+ THAT WILL AFFECT THE ECONOMY OF SASKATOON

AGENCY	PROJECT	REMARKS	VALUE (Billions)
City Hospital	New	Underway	100
Husky Oil Upgrader	New	Agreement in place	1,300
University of Sask.	Agriculture Building	Underway	90
Uranium	Cigar Lake	Dev. Stage	600
Gold	1-2 New Mines	Dev. Stage	100
Saskatoon Chemicals	Expansion	Underway	25
West Coast Reductions	Rendering	Announced	25
Prairieland Exhibition	New Complex	Planning	10
Intercontinental	Expansion	Underway	24
Princeton Developments	Expansion II	Underway	15
Midtown Plaza	Expansion	Announced	40
Bridge Water	Res/Office Complex	Underway	15
TSL Industries	Condominums	Underway	7
Meadow Lake	Pulp Mill	Planning	100
Nipawin	Pulp Mill	Planning	100
Bel Plaine	Fertilizer Plant	Planning	360
City of Saskatoon	Sewage Treatment	Approved	14
City of Saskatoon	New Electrical Building	Approved	6
Westfair Food	New Super Store	Planning	20
Canron	New Pipe Plant	Underway	8
N. Yanke Transfer	New Container Port	Announced	8
Star Phoenix	New Plant	Announced	25
Lawson Heights Mall	Expansion	Approved	10
Confederation Park Mall	Expansion	Planning	10
Circle Park Mall	Expansion	Planning	10
Food Project	Pasta	Planning	40
Food Project	Pasta	Planning	8
Motel	New Motel	Planning	3
Exploration	Diamonds	Underway	15
Uranium Project	Reactor	Concept	1,000
			$4.08

4. RETAIL TRADE

Throughout most of 1988, retail sales lagged behind corresponding years. In November and December there was a dramatic turnaround, which pushed sales up 6% for the year. On a per capita basis, Saskatoon continues to be one of the nations top performers, although not in the number one position, as has been for the last number of years.

The Economic Development Department estimates 1988's retail sales at $1.485 billion. This represents a 6% increase over 1987. Table 7 shows a ten year historical overview of retail sales in the city.

RANKINGS OF RETAIL SALES FOR
COMMUNITIES OVER 100,000 POPULATION

CITY	PER CAPITA
1. Calgary	$7,600
2. Ottawa-Hull	7,600
3. Halifax	7,600
4. Toronto	7,500
5. Montreal	7,300
6. Saskatoon	7,038*
7. St. John's	7,000
8. Edmonton	7,000
9. London	6,900
10. Thunder Bay	6,900

* Based on population of 183,000. Using metro population of 201,000, per capita retail sales would be $6,400.

Source: Canadian Markets: 1988 - 1989

TABLE 7

SASKATOON RETAIL TRADE
1976 - 1988

YEAR	CURRENT DOLLARS ($ MILLIONS)	% CHANGE OVER PREVIOUS YEAR	INFLATION RATE
1977	512.0	3.0	-
1978	569.9	11.3	-
1979	709.3	12.4	10.7%
1980	819.9	15.6	11.4%
1981	935.4	14.0	11.2%
1982	972.5	3.9	6.5%
1983	1,026.5	5.5	5.5%
1984	1,169.6	13.9	3.5%
1985	1,225.5*	4.7*	3.5%
1986	1,310.0*	7.0*	4.0%
1987	1,401.7*	7.0*	4.9%
1988	1,485.6*	6.0*	4.5%

Source: Bureau of Statistics, Government of Saskatchewan
* Economic Development Department Estimate

RANKINGS OF INCOMES FOR POPULATIONS
100,000+ FOR WESTERN CANADA

CITY	INCOME PER CAPITA
1. Calgary	$17,000
2. Regina	$16,000
3. Winnipeg	$15,700
4. Vancouver	$15,400
5. Saskatoon	$15,200*
6. Edmonton	$15,200
7. Victoria	$14,500

*Based on a metro population of 210,000.

5. Mining & Mineral Production

It is an undeniable fact that Saskatchewan's resource sector (excluding agriculture) is one of the mainstays of Saskatoon's economy. On a yearly average, this resource sector is responsible for approximately $300,000,000 flowing into the City's economy.

Between uranium, precious metals and diamond developments, northern Saskatchewan will experience new exploration, mine expansion and new mine developments in the magnitude of $1 billion over the next few years.

Of the 60 active mining companies undertaking exploration, mine developments or mine operation, 20 either have head offices or branch offices in Saskatoon.

1988 highlights for the resource sector are as follows:

Oil and Gas

With a continuing slump in oil prices and the deregulation in gas industry the natural gas industry is experiencing a miniture boom. Reserves of natural gas hit an all time high at 2.64 trillion cubic feet.

- oil wells drilled in 1988 were 1,048 vs 811 in 1987
- gas wells drilled in 1988 were 742 vs 568 in 1987
- the Lloydminster Husky Heavy Oil Project was officially signed by all parties and construction on the $1.3 billion project should begin in 1989.

Potash

If the oil and gas sector is removed from the scene, Saskatchewan ranks number 4 in Canada for mineral production (Ontario, Quebec, British Columbia, Saskatchewan). If potash and uranium is considered in isolation, Saskatchewan ranks number one in the world.

Potash is on a resurgence in both sales and tonnes mined. Sales reached $975 million on 7.11 million K_2O tonnes. The Potash Corporation of America mine that was shut down in 1986 and 1987 (due to flooding) is now back in production and have called back 130 employees. The mine has developed a solution mining technique for K_2O extraction.

Canpotex continues to market aggressively into the Pacific Rim with China being the largest consumer. In 1985, less than 250 tonnes were sold to mainland China, in 1988 alone, 1,250,000 tonnes had been bought.

Uranium

Soft prices continue in the uranium market and the pace of production is somewhat off the record year 1987. Total sales were $463.6 million, on 8.4 million kilograms of U308. By comparsion, sales in 1987 reached $637.5 million, on 11.2 million kilograms.

Cigar Lake is in the final stages in determining economic potential. If the $500 million mine proceeds, it will be the richest uranium deposit to be developed in the world.

1988 saw the culmination of Saskatchewan Mining Development Corporation and Eldorado Mines join forces to form CAMECO, one of Canada's largest mining companies.

Plans for a proposed $1 billion nuclear reactor were also unveiled in 1988. A specific location has not yet been determined although northern Saskatchewan has been suggested a number of times. Along with this new type reactor (CANDU 3) is a proposed $35 million training centre.

Total 1988 expenditures for exploration and pre-development in the hard rock sector reached $92 million ($69 million was spent in 1987).

Gold

As of publication date, there are now two gold mines in production; six mines on the threshold of going into production; six in advanced stages of exploration and four in intermediate exploration.

Known gold reserves are 3 million ounces, and are worth $1.5 billion at today's market value. There are now more than 60 companies actively exploring for gold. Gold exploration dollars reached $70 million in 1988 and this is the first time gold has surpassed uranium.

The following are some companies that are extremely active:

- Claude is developing their Seabee property and should be in production late 1989.
- Julo Mine should be in production late 1989

- Kanser is contemplating a $68 million mine near Lake Athabasca
- Denison is active at their Midwest Lake property
- Minatco is active at their Midwest Lake property

Diamonds

A tremendous amount of activity occured in the Prince Albert region (90 miles north of Saskatoon) for diamonds. To date almost 1 million acres have been staked by both private individuals and by companies.

Monopros of Debeers Consolidated Mines Ltd. (South Africa) and Claude Mines (Saskatoon) are the most active and it is anticipated both companies will confirm rumors that they have found diamonds.

In 1988, major resource sales totalled $2.45 billion compared to $2.85 billion in 1987.

LEADING VALUES AND SALES

1983 - 1988

	Crude Oil	Potash	Uranium
1982	$1.18 billion on 8.1 million cubic meters	$642.9 million on 5.21 million K_2O tonnes	$251 million on 3.5 million kilograms U_3O_8
1983	$1.65 billion on 9.5 million cubic meters	$685.9 million on 5.93 million K_2O tonnes	$121.4 million on 2.77 million kilograms U_3O_8
1984	$1.87 billion on 10.81 million cubic meters	$829 million on 7.65 million K_2O tonnes	$345 million on 7.2 million kilograms U_3O_8
1985	$2.21 billion on 11.5 million cubic meters	$622 million on 6.38 million K_2O tonnes	$453 million on 6.9 million kilograms U_3O_8
1986	$1.18 billion on 11.7 million cubic meters	$550 million on 6.31 million K_2O tonnes	$457.2 million on 7.4 million kilograms U_3O_8
1987	$1.53 billion on 12.0 million cubic meters	$671 million on 7.02 million K_2O tonnes	$637.5 million on 11.2 million kilograms U_3O_8
1988	$1.01 billion on 12.2 million cubic meters	$975 million on 7.11 million K_2O tonnes	$463.6 million on 8.4 million kilograms U_3O_8

Source: Sask. Energy Mines & Resources

6. Employment

The most recent estimate of Saskatoon's work force is shown in Table 8. Selected employment figures will be available in the six-month update.

Saskatoon's total available labour force is now 94,000. This is an all time high and is an increase of 2,000 from 1987.

The City's unemployment rate continued to be at a level that is traditionally unacceptable. In percentage terms, the annual average rate was 9.9% (9.8% for 1987 and 10.7% for 1986).

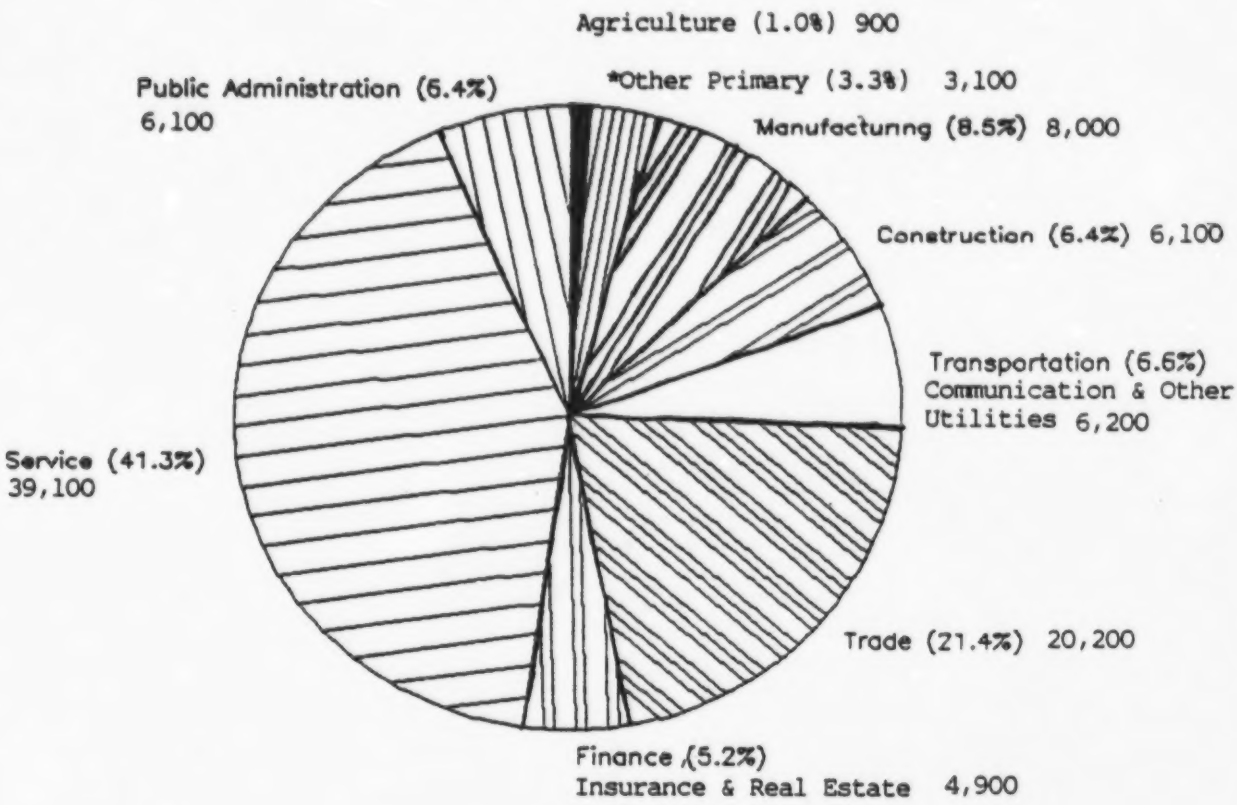
Table 9 and Figure 4 compares Saskatoon's inflation and unemployment rates.

During 1988, a number of firms experienced a downsizing or ceased operations: SED Systems - 71 (downsizing); DOMTAR - 88 (closure); Empire Meats - 20 (closure); Buy-Rite - 25 (closure); Cory Potash Mine - 200 (downsizing); Bridge City Yamaha - 17 (closure).

TABLE 8

Average Annual Labour Force 1988

***Saskatoon Metropolitan Area**


Agriculture (1.0%) 900
*Other Primary (3.3%) 3,100
Manufacturing (8.5%) 8,000
Construction (6.4%) 6,100
Transportation (6.6%) Communication & Other Utilities 6,200
Trade (21.4%) 20,200
Finance (5.2%) Insurance & Real Estate 4,900
Service (41.3%) 39,100
Public Administration (6.4%) 6,100

*Other Primary - Mining, Forestry, Fishing

NOTE: Saskatoon's Metropolitan Area includes any town, hamlet or village that has more than 50% of its population employed in the City of Saskatoon.

TABLE 9

INFLATION AND UNEMPLOYMENT STATISTICS
(3-Year Comparisons)

INFLATION RATES
(Consumer Price Index)

	1986	1987	1988
Jan.	4.3%	3.8%	6.0%
Feb.	4.3%	3.7%	6.3%
Mar.	4.0%	4.2%	5.9%
Apri	13.6%	4.4%	5.8%
May	4.3%	4.1%	5.5%
June	3.6%	4.4%	5.6%
July	4.0%	6.2%	3.3%
Aug.	4.6%	5.7%	3.5%
Sept.	4.1%	5.9%	3.2%
Oct.	4.3%	5.3%	3.6%
Nov.	4.0%	5.9%	3.1%
Dec.	3.8%	5.8%	3.2%

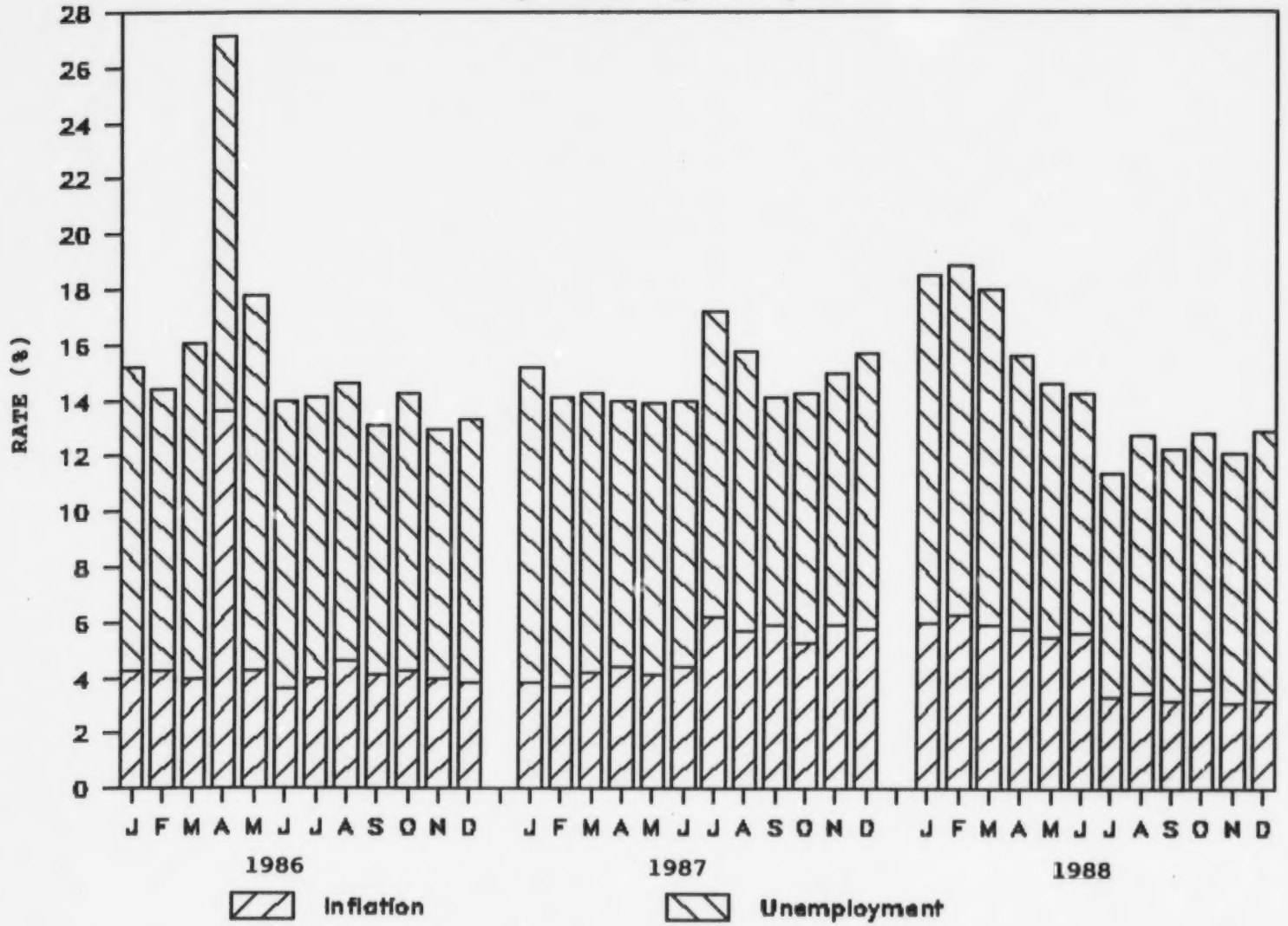
UNEMPLOYMENT RATES

	1986	1987	1988
Jan.	10.9%	11.4%	12.5%
Feb.	10.1%	10.4%	12.6%
Mar.	12.1%	10.1%	12.1%
April	13.5%	9.6%	9.8%
May	13.5%	9.8%	9.1%
June	10.4%	9.6%	8.7%
July	10.1%	11.0%	8.1%
Aug.	10.0%	10.1%	9.3%
Sept.	9.0%	8.2%	9.1%
Oct.	10.0%	9.0%	9.2%
Nov.	9.0%	9.1%	9.0%
Dec.	9.5%	9.9%	9.7%

FIGURE 4

INFLATION AND UNEMPLOYMENT STATISTICS

(3–Year Comparisons)



7. BUSINESS DEVELOPMENTS

In spite of cutbacks and closures, Saskatoon firms still managed to create approximately 2,500 new jobs. Total Net Business Assessment reached $57,121,100 and the 1987 (latest available figure) manufacturing value reached $846,597,000 ($783,000,000 in 1986).

The community continues to be successful in attracting investment both from within and outside the region.

The following are examples of that investment:

a) Del Compu - Cable Systems developed and installed flight information systems at Altanta's International Airport.

b) Chipman opens a new technical and sales office.

c) High Line Chemicals develop Bio-Zyme 2,500 to destroy PCB's.

d) MACsetera International Technologies signed a major contract with Gandalf and Associates to market their computor hardware.

e) P.O.S. undertakes a $2 million expansion to their labs.

f) International Road Dynamics won a Bronze Award from the Government of Canada Awards for Business Excellence in the category of Innovation.

g) RhizoGen Corporation starts to produce rhizobium inoculum. This is Canada's first company to produce this product for the agriculture industry.

h) Ag West Biotech Inc. is formed to coordinate the efforts of various research organizations, plant development and the market place.

I) VIDO entered into a $6.5 million R & D program with CIBA - Geigy Canada Ltd., and NSERC to undertake work on lymphokines.

j) The Mayor established a task force to promote and develop the South Downtown Project.

k) $60,000 is approved to undertake a major tourism study for Saskatoon and area.

l) The three levels of government commit $9 million to the development of Wanuskewin Park.

m) Four foreign investment funds (each at $20 million) approved to provide money for a number of projects.

MANUFACTURING ACTIVITY FOR THE YEAR 1988

N.B. New Business to the City
B.E. Business Expansion of Existing Business
B.E.N. Business Expansion to New Facility

COMPANY	PRODUCT	DESIGNATION
Saskatoon All Print	Publishing	N.B.
Ultra Crown & Bridge	Dentures	N.B.
Rhizogen Corp.	Agricultural Biotechnology	N.B.
Award Kitchens	Cabinets	N.B.
Merant Machine Inc.	Machining	N.B.
Shamrock Fabricators	Metal Manufacturing	N.B.
Roman Concrete Gardens	Lawn Ornaments	N.B.
ASAP Printing Inc.	Instant Printing	N.B.
Wiz Print	Printing	N.B.
Acura Glass & Aluminum Ltd.	Mfg. of Glass & Aluminum	N.B.
Daun's Custom Cabinets	Cabinets	N.B.
Hitachi Canadian Industries	Turbine Casings	N.B.
LDC Recreational Corp.	Recreational Products	N.B.
Admar Furniture Mfg. Inc.	Office Furniture	N.B.
Eyes International Inc.	Eyewear	N.B.
Garden Crunch Inc.	Fresh Salads	N.B.
High Line Chemicals Inc.	Biochemistry Products	N.B.
Dairy Producers	Dairy Products	B.E.N.
Robin Hood Flour Mills	Bakery Products	B.E.
Houghton Boston Printers	Printers	B.E.
Northern Telecom	Fiber Cable	B.E.
Intercontinental Packers	Meat Products	B.E.
Provincial Galvanizing Ltd.	Galvanizing	B.E.
Labatt Brewery	Beer	B.E.
Globe Printers	Printers	B.E.
Conveyor & Machine Services	Conveyors	B.E.

8. POPULATION

Table 10 contains a number of statistics related to the size of the City's population, housing stock, postal addresses, etc.

TABLE 10

SASKATOON POPULATION AND HOUSING STATISTICS

Year	Saskatoon Registrants Under the Saskatchewan Hospital Services Plan	Statistics Canada Population	Business & Residential Post Office Deliveries	Residential Post Office Deliveries	Average # of Persons Per Household
1978	141,167	-	58,546	54,391	2.7
1979	144,672	144,269	62,588	49,870	2.6
1980	149,300	-	65,723	54,482	2.6
1981	154,261	152,747	68,197	55,711	2.6
1982	159,581	-	69,007	60,017	2.6
1983	164,304	-	73,357	61,070	2.6
1984	170,748	-	75,679	65,263	2.6
1985	175,859	-	77,976	67,099	2.6
1986	178,361	175,873	81,671	69,271	2.5
1987	182,216	-	84,267	72,741	2.6
1988	183,487	-	85,634	79,036	2.6

1. City of Saskatoon Census Figure - June 1/79.

POPULATION GROWTH BY CENSUS

METROPOLITAN AREA 1981 - 1988

METROPOLITAN AREA	% CHANGE	RANK
Red Deer	20.9	1
Barrie	19.3	2
Saskatoon	14.7	3
Guelph	14.2	4
Oshawa	14.1	5
Ottawa - Hull	13.4	6
Toronto	13.0	7
Kingston	12.5	8
Vancouver	12.4	9
Kitchener	12.0	10

Source: Canadian Markets 1988 - 1989

9. SASKATOON'S FINANCIAL VIABILITY

Saskatoon moved into a prestige class of communities in 1988 by having its credit rating increased to AAA from AA+. There are few Canadian municipalities and even fewer provinces that have this distinction. This rating testifies to the City's economic stability and indicates the community is one of the most profitably managed in Canada.

Quotes from the 1988 credit rating report:

"Through the years we have seen Saskatoon's financial and economic position continue to improve."

"Saskatoon's debt levels consistently remain among the lowest in any major city in Canada."

"In conjunction with this, it has steadily accumulated considerable amounts of reserves and investments which should enable Saskatoon to not only maintain these low debt levels but to weather adverse financial conditions."

TABLE 11

POPULATION GROWTH OF SASKATOON 1968 - 1988

FIVE YEAR PERIODS

YEAR	POPULATION	ABSOLUTE CHANGE	PERCENT CHANGE
1968	122,262	+4,822	+4.1
1973	126,269	+4,007	+3.2
1978	141,167	+14,898	+11.8
1983	164,304	+23,137	+16.3
1988	183,487	+19,183	+11.6

Source: Saskatchewan Hospital Services Plan Data

TABLE 12

TAXATION STATISTICS
(1986 - LATEST AVAILABLE FIGURES)

INCOME CLASS	1985	% OF TOTAL
Under $2,500	13,760	11.73
$2,500 - $5,000	8,560	7.30
$5,000 - $7,500	9,240	7.88
$7,500 - $10,000	9,120	7.77
$10,000 - $12,000	8,490	7.24
$12,000 - $25,000	7,610	6.49
$15,000 - $20,000	13,570	11.57
$20,000 - $25,000	11,770	10.03
$25,000 - $30,000	9,720	8.29
$30,000 - $40,000	13,540	11.54
$40,000 - Plus	11,940	10.18
Total Returns	117,310	100.0
Total Income $000	$2,330,045	
Average Income	19,862	
Total Tax $000	430,584	
Average Tax	4,694	

Source: Canadian Markets 1988 - 1989

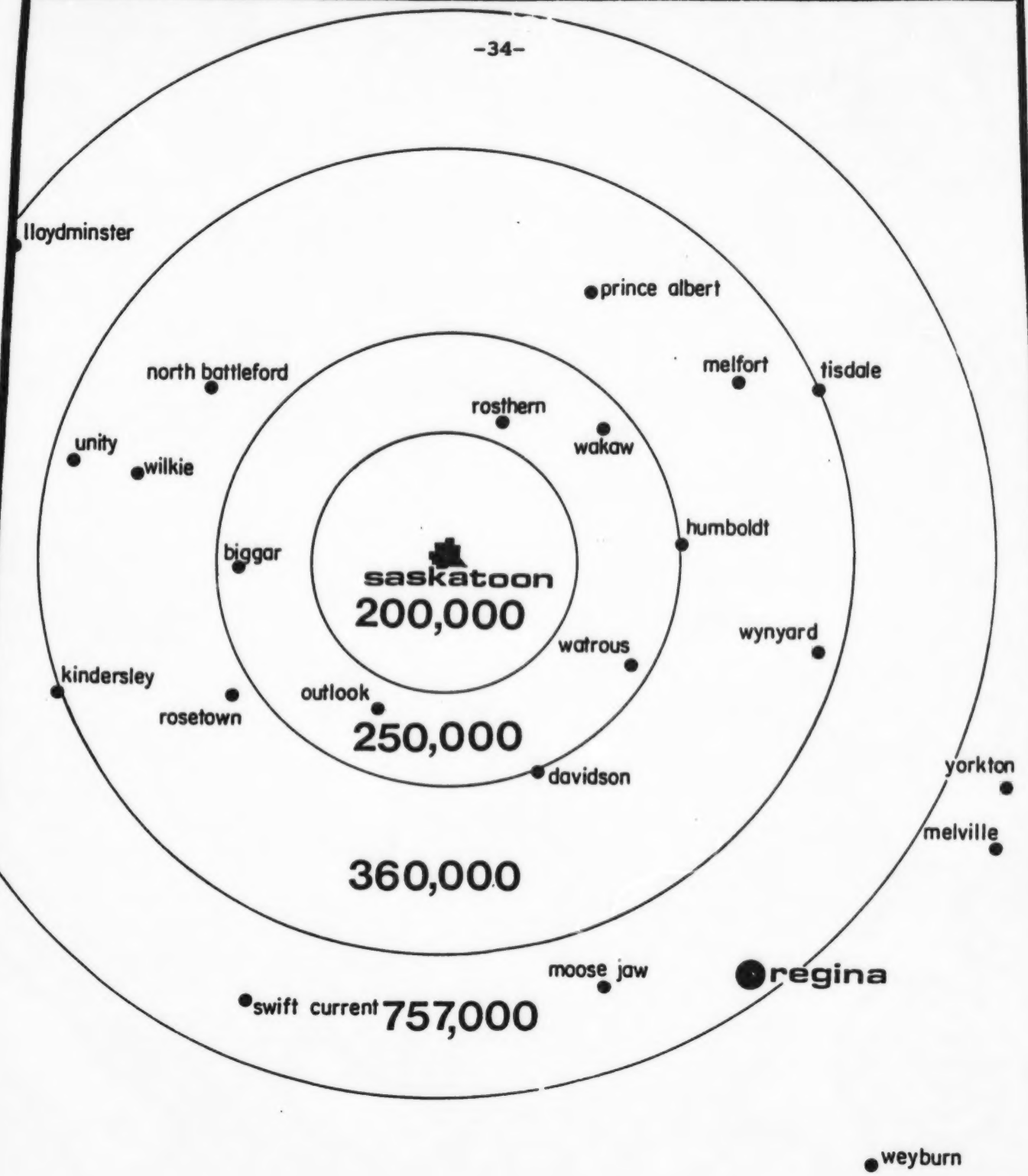
SUMMARY

The Economic Development Department is of the opinion the foregoing is an accurate snapshot of Saskatoon's economic climate. 1988 on the whole was a solid year and one that reflects Saskatoon's growth and continuing economic diversification.

1989 will be a continuing reflection of this growth and prosperity. The farm economy should rebound with market conditions improving and prices starting to rise at the farm gate. The construction sector will experience some turbulent times with a continuing downturn in residential but a strong increase in industrial, commercial, and institutional sectors. The resource sector will have (on average) a fairly solid year with the exception of uranium where markets and prices are projected to remain soft. The commercial/retail sectors will hold to past years averages and a number of strip malls will again be built along with major expansions to a number of malls. Total activity for 1989 will remain on par with 1988 and 1987.

CITY OF SASKATOON
STATISTICS - 10 YEAR PERIOD

			&increase Over 10 Years
Population	1988	183,487	30%
	1978	138,376	
Income	1987	$3,280,702,000	217%
	1977	$1,034,928,000	
Trading Area Population	1988	550,000	24%
	1978	442,000	
Trading Area Income	1987	$8,454,040,000	169%
	1977	$3,145,272,000	
Construction	1988	$ 210,634,850	37%
	1978	$ 153,600,000	
Total Net Business Assessment	1988	$ 57,121,100	97%
	1978	$ 29,036,956	
Retail Trade	1987	$1,454,238,000	136%
	1978	$ 615,585,000	
Industrial Plants	1988	354	69%
	1978	210	
Manufacturing Value	1987	$ 846,597,000	126%
	1977	$ 374,570,000	



SASKATCHEWAN

Source: Statistics Canada

ECONOMIC DEVELOPMENT DEPARTMENT

AVAILABLE PUBLICATIONS

NAME OF PUBLICATION	
Economic Profile	$ 5.00
Economic Situation Report - Year End	2.00
Economic Situation Report - Six-Month Update	1.00
Industrial Directory	2.00
Professional Directory	1.00
Financial Directory	1.00
Distributors Directory	1.00
Technology Directory	1.00
Transportation Directory	1.00
Warehouse Absorption Study	1.00
Saskatoon - Call It Home	1.00
Living In Saskatoon	1.00
Bridges Newsletter	.50
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